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Chairman: Mr. Šimonović ..... (Croatia)

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The meeting was called to order at 4.25 p.m.

Briefing on the work of the United Nations System Chief Executives Board for Coordination

1. **The President** invited the Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs of the Department of Economic and Social Affairs to brief the Council on the work of the United Nations System Chief Executives Board for Coordination (CEB), formerly the Administrative Committee on Coordination (ACC).

2. **Mr. Civili** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs, Department of Economic and Social Affairs) said that such briefings were intended to provide an inter-sessional update on the work of CEB, but that they could hardly hope to capture the myriad ways in which the system interacted with and supported intergovernmental processes, including the work of the Council and its functional commissions. Virtually all the reports of the Secretary-General for the various segments of the Council and the main policy reports of the functional commissions had now become inter-agency products. The thrust of the annual reports of ACC — and, now, of CEB — had shifted over the years from an account of developments within ACC/CEB and its subsidiary machinery to broader reports on the state of inter-agency coordination, in order to reflect the breadth and wealth of such interactions. The system's secretariats had made great progress to ensure they really did act as a system.

3. At their respective levels, both the Economic and Social Council and the Board had a responsibility to provide leadership to the United Nations system. Each body was also a reflection of the extent to which the system was being transformed from a collection of international organizations linked by relationship agreements into a policy and institutional reality that shared common objectives and a common purpose.

4. It was possible to identify three broad phases in the system's approach to inter-agency coordination over the years. In the first, brief phase, emphasis had been on "process" and on the interpretation and implementation of the relationship agreements. In a second — much longer — phase, attention had shifted from ex post facto coordination to consultation and coordination at the programming stage. A period of inter-agency institution-building — and institutional proliferation — had followed, with many different ACC subcommittees, each dealing with a different area of inter-agency concern, from water to outer space.

5. A new phase in inter-agency coordination had emerged in the 1990s around the many global conferences. The decade had served as a turning point in inter-agency relations, providing the United Nations system with a set of cross-sectoral policy objectives around which it could rally and in relation to which common impact could be assessed. The 1990s had also marked a crucial phase in confidence-building in inter-agency relations. Conference processes had become increasingly inclusive, serving to create an unprecedented sense of common ownership and common commitment to advancing the outcomes of those conferences. The Millennium Summit had represented the culmination of that phase, as well as the beginning of a new phase, providing the organizations of the system with an overarching policy framework: the Millennium Declaration. "Coordination" now had a new and deeper meaning.

6. The body's new name reflected the new state of play. The use of the term "Board" (rather than "Committee") reflected the transition from a collection of organizations meeting to "compare notes" to a collegial body whose participants shared a collective responsibility for nurturing the new reality that the system had come to represent and for bringing fully to bear their respective executive functions in support of the policies set by Member States for the system as a whole.

7. The configuration of the new subsidiary structures of CEB had been guided by the same approaches. The construction — through the work of the Economic and Social Council — of a unified policy framework had made it possible to consolidate several pre-existing bodies into a High-Level Committee on Programmes. That body functioned in parallel with a consolidated High-Level Committee on Management responsible for the integrated administration of the "common system".

8. At its second regular session of 2001, held on 19-20 October 2001, ACC had concluded that the new high-level committees had sufficiently established their role and that networking among agency specialists in different sectors had reached a sufficient level of maturity to make it possible to replace the rest of the inter-agency machinery with a less hierarchical and

more flexible system of "networks" of specialists (interacting continually using modern information technology) and with ad hoc inter-agency groups, facilitated by a lead agency, that would be disbanded when a specific task was completed. Less formal, more businesslike methods of work would not only serve the interests of cost-efficiency, but would also help meet the requirements of intergovernmental bodies more effectively. Those bodies would now have direct access to two sets of interlocutors: the executive heads in CEB and the high-level committees. The more decentralized system would require strengthened communications, to be ensured by the consolidated CEB secretariat. A key task would be to ensure that CEB strategies provided the connective tissue for the substantive work of the various networks, and that indications from their work that had implications for CEB strategies were used to enrich the Board's own work.

9. The process would be covered in greater detail in a report to be submitted to the Council in July 2002. A summary of the conclusions of the most recent session could be found in document ACC/2001/5.* Summaries of past sessions of ACC/CEB were also available on the web site of the United Nations System Chief Executive Board for Coordination (http://ceb.unsystem.org).

10. At a retreat held in parallel with its regular session, ACC/CEB members had focused on follow-up by the United Nations system to the Millennium Summit, particularly the monitoring and review of the implementation of the Millennium Declaration and resource mobilization in attaining Millennium goals at the national and international levels. There had been general agreement that, while the system's contribution to attaining those goals might be modest in financial terms, its contribution in terms of policy was significant and often critical. Executive heads had identified a number of "policy tensions" that must be addressed, including: the balance between economic efficiency and social equity; the relationship between political, humanitarian and development issues; and the related need to refine modalities for monitoring and reporting on cross-cutting issues. Furthermore, conflict prevention had been identified as an area requiring much closer attention, with a view to developing integrated approaches that would use relevant knowledge and capacities from different parts of the system in a more systematic and institutionalized manner. Executive heads had recalled that the first signals that tension might turn into armed conflict — indications arising from economic or social discrimination — were often first apparent in the development area.

11. With regard to the CEB work programme for 2002, the intention was to ensure close linkage between the themes for the Board's regular sessions and the process of reporting to the General Assembly on implementation of the Millennium Declaration. The Secretary-General was particularly keen to ensure that the reporting processes should also serve as an active instrument of policy development and of concerted action by the system.

12. **The President** invited the Officer-in-Charge of the Development Policy Analysis Division of the Department of Economic and Social Affairs to brief the Council on the forthcoming publication, *World Economic Situation and Prospects 2002*.**

Briefing on the forthcoming *World Economic Situation and Prospects 2002*

13. **Mr. Smyshlyaev** (Department of Economic and Social Affairs, Development Policy Analysis Division), said that, despite changes in the world economic situation following preparation of *World Economic Situation and Prospects 2002*, the outlook of the report remained valid. In 2001, the weakness in the world economy had become widespread, with more than a dozen economies in recession. Hardest hit had been those economies of East Asia and Latin America that had been thought to be well-integrated into the world economy. Although recovery from the economic downturn had begun, the process would occur very gradually.

14. The report projected growth of only 1.5 per cent in gross world product (GWP) for 2002. Even that modest improvement was contingent on a number of economic uncertainties, notably recovery in the United States of America. Meanwhile, that country continued to experience high equity prices, a low savings rate, and a high level of private-sector debt. The difficulties in Japan and the uncertainties surrounding the situation in Argentina could be seen as additional frailties.

15. The slow growth in GWP presented particular difficulties for developing countries, several of which

* To be issued.

** To be issued under Sales No. E.02.II.C.2.

had experienced falling outputs in 2001. On a per-capita basis, there had been widespread setbacks in East Asia, West Asia, Latin America and elsewhere. Such reversals only compounded the challenge of reducing the number of people living in poverty.

16. In 2002, developing countries and economies in transition faced a frail international economic environment, including lacklustre growth of international trade, weak international prices for primary commodities and difficult access to — and higher costs of — external financing. Those countries' recovery was heavily contingent upon recovery in major developed economies.

17. International trade had increased by less than 1 per cent in 2001 and was expected to grow at a rate of 3 per cent in 2002. Trade stagnation was the key factor in transmitting the slowdown to the developing countries and economies in transition. However, a few countries had suffered a combination of domestic and international financial difficulties, notably Argentina and Turkey. However, external shocks through international financial channels in 2001 had been smaller compared to the international financial crises of 1997-1998. Net private-capital flows to developing countries and economies in transition — down in 2001 — were nevertheless expected to continue at approximately the same level in 2002.

18. Foreign direct investment (FDI) flows to developing countries had fallen in 2001 and were expected to drop further in 2002, despite increases to such countries as China and Mexico. Worldwide economic growth continued to be the key to restoring FDI flows to developing countries, since the basic factors determining the magnitude and directions of those flows had not changed and the potential for FDI was far from exhausted in many developing countries.

19. The report also noted hopeful signs on the economic horizon. Monetary policy in major developed countries remained accommodative; fiscal stimuli were beginning to take effect in some countries; prices of energy were not high; and equity markets were undergoing a tentative rebound (or were at least not falling further). At the time of preparation of the report, the Japanese yen had depreciated noticeably against the United States dollar, reaching its lowest figure in three years. Such a depreciation had the potential to improve weakening exports and to ease the deflationary pressures in Japan. A gradual restoration of consumer and business confidence and a revival of private-sector activity were expected later in the year.

20. Since the preparation of the report, there had been new developments in Argentina. The revised projected output decline was now 7 per cent (rather than 4.5 per cent), although the situation remained fluid. Although the Government of Argentina had announced key fiscal policy guidelines and the peso had been fully floated two days previously, the International Monetary Fund (IMF) had yet to endorse the US$ 22 billion economic programme committed earlier. Moreover, a surge in inflation was expected, at an annual rate of 40 to 50 per cent.

21. Volatility in the global economy had impacted asymmetrically on developing and developed countries. Therefore, the challenge for policy makers was not only to extricate the global economy from its current slowdown, but also to sustain a longer-term agenda to ensure that developing countries were less vulnerable to external shocks and could participate more effectively in the globalized world economy. There was also need for further progress in resolving the debt problems of developing countries through the Heavily Indebted Poor Countries (HIPC) Initiative and better arrangements for private-sector involvement in middle-income countries. In that context, the report also commended the work programme elaborated at the Ministerial Meeting of the World Trade Organization, held at Doha, Qatar, in November 2001, and called for a strengthening of the capacity of developing countries to participate in trade negotiations and to implement their outcomes. The International Conference on Financing for Development, to be held in Monterrey, Mexico, in March 2002, afforded an opportunity for progress on such issues.

Adoption of the agenda and other organizational matters (E/2002/2-5, 7-9; E/2002/L.2 and L.3)

22. **The President** invited the Council to take action on the draft decisions contained in document E/2002/L.2.

Draft decision I: Provisional agenda for the substantive session of 2002 of the Economic and Social Council

23. *Draft decision I was adopted.*

Draft decision II: Working arrangements for the substantive session of 2002 of the Economic and Social Council

24. *Draft decision II was adopted.*

Draft decision III: Theme for the operational activities segment of the substantive session of 2002 of the Economic and Social Council

25. *The President took it that the Council wished to defer consideration of the draft decision to a later date, pending informal consultations.*

26. *It was so decided.*

Draft decision IV: Theme for the humanitarian affairs segment of the substantive session of 2002 of the Economic and Social Council

27. *The President took it that the Council wished to defer consideration of the draft decision to a later date, pending informal consultations.*

28. *It was so decided.*

Draft decision V: Theme for the item on regional cooperation at the substantive session of 2002 of the Economic and Social Council ("Interregional cooperation for sustainable development: regional challenges ahead")

29. *Draft decision V was adopted.*

Draft decision VI: Date of the high-level meeting of the Economic and Social Council with representatives of the Bretton Woods institutions

30. **The President**, introducing a revision, said that the Council would empower the Bureau to decide whether the meeting should be held on 22 or 23 April 2002.

31. *The draft decision, as orally revised, was adopted.*

Draft decision VII: First meeting of the Committee of Experts on Public Administration and its provisional agenda

32. *Draft decision VII was adopted.*

Draft decision VIII: Participation of intergovernmental organizations in the work of the Economic and Social Council

33. *Draft decision VIII was adopted.*

Draft decision IX: Request for conversion of the International Civil Defence Organization, an intergovernmental organization with observer status with the Economic and Social Council, to a specialized agency of the United Nations system

Draft decision X: Request for conversion of the World Tourism Organization, an intergovernmental organization with observer status with the Economic and Social Council, to a specialized agency of the United Nations system

34. *Consideration of draft decisions IX and X was deferred until the Council's resumed organizational session.*

Commission for Social Development (E/2002/L.3)

35. **The President** took it that the Council, on the basis of the informal consultations, wished to approve adoption of the draft decision recommended by the Commission for Social Development in document E/2002/L.3.

36. *It was so decided.*

37. **The President**, drawing attention to the proposed distribution of work within the Bureau, said that he would himself be responsible for the high-level segment, Mr. Kumalo (South Africa) for the operational activities segment, Ms. Rasi (Finland) for the coordination segment, Mr. Buallay (Bahrain) for the humanitarian affairs segment and Mr. Rosenthal (Guatemala) for the general segment.

38. *It was so decided.*

Basic programme of work of the Council for 2003 (E/2002/1 and 6)

39. **The President** took it that the Council, on the basis of informal consultations, wished to defer consideration of the proposed basic programme of work of the Council for 2003 (E/2002/1, part II) until the end of the substantive session of 2002, to allow for the conclusion of the International Conference on Financing for Development in Monterrey, Mexico, the outcome of which would undoubtedly influence the work of the Council for 2003.

40. *It was so decided.*

Elections, nominations, confirmations and appointments (E/2002/L.1)

Committee on Economic, Social and Cultural Rights

41. **The President** invited the Council to elect Mr. Yuri Kolosov (Russian Federation) as a member of the Committee on Economic, Social and Cultural Rights, to complete the term of office of Mr. Valeri Kouznetsov (Russian Federation), who had resigned. The candidate had been nominated by the Russian Federation with the support of the East European States. Biographical information on Mr. Kolosov was contained in document E/2002/L.1.

42. *Mr. Yuri Kolosov (Russian Federation) was elected a member of the Committee on Economic, Social and Cultural Rights by acclamation.*

The meeting rose at 5.10 p.m.